

GREAT-WEST  
**LIFECO** INC.

**Consolidated Financial Statements**

For the year ended December 31, 2021











































































6. Portfolio Investments (cont'd)

The Company and IGM both have a year-end date of December 31. The Company's year-end results are approved and reported before IGM publicly reports its financial result; therefore, the Company reports IGM's financial information by estimating the amount of earnings attributable to the Company, based on prior quarter information as well as other market expectations, to complete equity method accounting. The difference between actual and estimated results is reflected in the subsequent quarter and is not material to the Company's consolidated financial statements.

IGM's financial information as at December 31, 2021 can be obtained in its publicly available information.

At December 31, 2021, IGM owned 37,337,133 (37,337,133 at December 31, 2020) common shares of the Company.

**(d) Included in portfolio investments are the following:**

- (i) Carrying amount of impaired investments

	2021	2020
Impaired amounts by classification		
Fair value through profit or loss	\$ 14	\$ 20
Available-for-sale	7	17
Loans and receivables	71	23
<b>Total</b>	<b>\$ 92</b>	<b>\$ 60</b>

The carrying amount of impaired investments includes \$18 bonds, \$71 mortgage loans and \$3 stocks at December 31, 2021 (\$35 bonds, \$23 mortgage loans and \$2 stocks at December 31, 2020). The above carrying values for loans and receivables are net of allowances of \$28 at December 31, 2021 and \$57 at December 31, 2020.

- (ii) The allowance for credit losses and changes in the allowance for credit losses related to investments classified as loans and receivables are as follows:

	2021			2020		
	Bonds	Mortgage loans	Total	Bonds	Mortgage loans	Total
<b>Balance, beginning of year</b>	\$ —	\$ 57	\$ 57	\$ —	\$ 51	\$ 51
Net provision for credit losses - in year	—	30	30	—	16	16
Write-offs, net of recoveries	—	(59)	(59)	—	(10)	(10)
<b>Balance, end of year</b>	<b>\$ —</b>	<b>\$ 28</b>	<b>\$ 28</b>	<b>\$ —</b>	<b>\$ 57</b>	<b>\$ 57</b>

The allowance for credit losses is supplemented by the provision for future credit losses included in insurance contract liabilities.

6. Portfolio Investments (cont'd)

(e) Net investment income comprises the following:

	2021					
	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	\$ 4,262	\$ 916	\$ 391	\$ 422	\$ 636	\$ 6,627
Net realized gains						
Available-for-sale	13	—	14	—	—	27
Other classifications	12	59	7	—	34	112
Net allowances for credit losses on loans and receivables	—	(30)	—	—	—	(30)
Other income (expenses)	—	—	—	(146)	(197)	(343)
	<u>4,287</u>	<u>945</u>	<u>412</u>	<u>276</u>	<u>473</u>	<u>6,393</u>
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	(104)	—	—	—	—	(104)
Designated fair value through profit or loss	(4,693)	(121)	2,150	—	70	(2,594)
Recorded at fair value through profit or loss	—	—	—	615	—	615
	<u>(4,797)</u>	<u>(121)</u>	<u>2,150</u>	<u>615</u>	<u>70</u>	<u>(2,083)</u>
<b>Total</b>	<u>\$ (510)</u>	<u>\$ 824</u>	<u>\$ 2,562</u>	<u>\$ 891</u>	<u>\$ 543</u>	<u>\$ 4,310</u>
	2020					
	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	\$ 3,589	\$ 877	\$ 357	\$ 397	\$ 571	\$ 5,791
Net realized gains (losses)						
Available-for-sale	146	—	(5)	—	—	141
Other classifications	33	47	245	—	—	325
Net allowances for credit losses on loans and receivables	—	(16)	—	—	—	(16)
Other income (expenses)	—	—	—	(127)	(151)	(278)
	<u>3,768</u>	<u>908</u>	<u>597</u>	<u>270</u>	<u>420</u>	<u>5,963</u>
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	78	—	—	—	—	78
Designated fair value through profit or loss	5,154	157	77	—	307	5,695
Recorded at fair value through profit or loss	—	—	—	(74)	—	(74)
	<u>5,232</u>	<u>157</u>	<u>77</u>	<u>(74)</u>	<u>307</u>	<u>5,699</u>
<b>Total</b>	<u>\$ 9,000</u>	<u>\$ 1,065</u>	<u>\$ 674</u>	<u>\$ 196</u>	<u>\$ 727</u>	<u>\$ 11,662</u>

6. Portfolio Investments (cont'd)

Investment income earned comprises income from investments that are classified as available-for-sale, loans and receivables and investments classified or designated as fair value through profit or loss. Investment income from bonds and mortgages includes interest income and premium and discount amortization. Income from stocks includes dividends, distributions from private equity and equity income from the investment in IGM. Investment properties income includes rental income earned on investment properties, ground rent income earned on leased and sub-leased land, fee recoveries, lease cancellation income, and interest and other investment income earned on investment properties. Other income includes policyholder loan income, foreign exchange gains and losses, income earned from derivative financial instruments and other miscellaneous income.

**(f) Transferred Financial Assets**

The Company engages in securities lending to generate additional income. The Company's securities custodians are used as lending agents. Collateral, which exceeds the fair value of the loaned securities, is deposited by the borrower with the Company's lending agent and maintained by the lending agent until the underlying security has been returned. The fair value of the loaned securities is monitored on a daily basis by the lending agent who obtains or refunds additional collateral as the fair value of the loaned securities fluctuates. Included in the collateral deposited with the Company's lending agent is cash collateral of \$169 at December 31, 2021 (\$267 at December 31, 2020). In addition, the securities lending agent indemnifies the Company against borrower risk, meaning that the lending agent agrees contractually to replace securities not returned due to a borrower default. As at December 31, 2021, the Company had loaned securities (which are included in invested assets) with a fair value of \$10,525 (\$8,921 at December 31, 2020).

**7. Funds Held by Ceding Insurers**

At December 31, 2021, the Company had amounts on deposit of \$17,194 (\$18,383 at December 31, 2020) for funds held by ceding insurers on the Consolidated Balance Sheets. Income and expenses arising from the agreements are included in net investment income in the Consolidated Statements of Earnings.

The details of the funds on deposit for certain agreements where the Company has credit risk are as follows:

**(a) Carrying values and estimated fair values:**

	2021		2020	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	\$ 336	\$ 336	\$ 245	\$ 245
Bonds	14,105	14,105	15,365	15,365
Mortgages	558	558	578	578
Other assets	126	126	137	137
<b>Total</b>	<b>\$ 15,125</b>	<b>\$ 15,125</b>	<b>\$ 16,325</b>	<b>\$ 16,325</b>
Supporting:				
Reinsurance liabilities	\$ 14,907	\$ 14,907	\$ 16,094	\$ 16,094
Surplus	218	218	231	231
<b>Total</b>	<b>\$ 15,125</b>	<b>\$ 15,125</b>	<b>\$ 16,325</b>	<b>\$ 16,325</b>























































































































































































